

**Income Maintenance Advisory Committee
Department of Health and Family Services
Division of Health Care Financing
April 15, 2004
*Minutes***

County Attendees: **Rich Basiliere**, Outagamie Co.; **Jackie Bennett**, Racine Co.; **Sheila Drays**, Dodge Co.; **Joanne Faber**, Washington Co.; **Liz Green**, Dane Co.; **Gloria Guitan**, Milwaukee Co.; **Jane Huebsch**, Marathon Co.; **Ed Kamin**, Co-Chair, Kenosha Co.; **Gene Kucharski**, Portage Co.; **Bob Macaux**, Florence Co.; **Chris Machamer**, Waupaca Co.; **Kathi Madsen**, Douglas Co.; **John Rathman**, Outagamie Co.; **Felice Riley**, Milwaukee Co.; **Shirley Ross**, LaCrosse Co.; **Sheryl Siegl**, Winnebago Co.; **Cindy Sutton**, Rock Co.

State Attendees: **Mary Claridge**, DHFS/DMT; **Bernadette Connolly**, DHFS/BIMA; **Curtis Cunningham**, DHFS/OSF; **Brian Fangmeier**, DHFS/BIMA; **Theresa Fosbinder**, DHFS/BHCE; **John Haine**, DHFS /BIMA; **Essie Herron**, DHFS/BIMA; **Vicki Jessup**, DHFS/BIMA; **Jim Jones**, DHFS/BHCE; **Cheryl McIlquham**, DHFS/BHCE; **Scott Riedasch**, DHFS/BHCE; **Jodi Ross**, DHFS/BIMA; **Evie Ryan-Tondryk**, DHFS/BHCE; **Marilyn Rudd**, DHFS/BIMA; **Joanne Simpson**, DHFS/BIMA; **Janice Tripp**, DHFS/OSF/NRO; **Rick Zynda**, DHFS/BIMA

Administrative Items

Minutes:

The March minutes were approved, and will be posted to the IMAC website.

Third Party Liability:

Counties had questions and concerns about the process, and Cheryl McIlquham asked that a list of questions/concerns be developed so that they can share it with the appropriate state staff for review.

June and October Meetings:

The June IMAC meeting has been canceled due to scheduling conflicts. The October meeting will stay as is, but the W-2 C&I subcommittee has been asked to move their October meeting to the same date.

WISLine Web Capacity:

At last month's meeting the question of capacity was raised. Theresa Fosbinder reported that the WISLine Web has a 100-line capacity at any given time. However, because others may use it at the same time we use it, class size will depend on how many lines are available on the dates and times needed. Another WISLine training class has been scheduled for Monday May 17th from 1:30-3, and Wednesday May 19 from 9-11, with room for 50 people on each date.

DDB Records:

DDB is reviewing determinations done on Medicaid cases. Five counties have been asked to send back cases for this review. Jim Jones requested that counties contact Bob Hunt, who will arrange for courier services for counties who wish to have DHFS retrieve the files.

MA Second Party Review:

BHCE staff are finalizing the Medicaid second-party review process and an Operations Memo should be issued shortly. Each county must conduct a minimum of one review per month.

Subcommittee Reports

IT- See the handouts below.

Workload and Financing - This committee is currently working on developing a new methodology for IM funding for CY 06 that is consistent with WCHSA Visions guiding principals. This methodology is based on actual case counts and a measure of the workload associated with processing each type of case. The subcommittee will meet again in May, to work on finalizing the details of the new methodology and will report back to the IMAC again at the May 20 meeting.

Program Integrity/Fraud Adhoc- This committee shared recommendations for changing how fraud cases are being handled. See handouts below. ***Please note a correction to the handout titled, IMAC Public Assistance Program Integrity/Fraud Prevention Ad Hoc Subcommittee Recommendations – April 2004.***

MA Tax Intercept

Due to legal concerns, the Department is suspending the Medicaid tax intercept process for collecting Medicaid overpayments. The basis for this is that federal law prohibits establishing liens on personal property without a court judgement. The Department will work to develop a new process that meets the criteria established in federal law.

Funeral and Burial Issue Paper

An issue paper was shared with IMAC outlining changes in the process for handling funeral and burial reimbursement. See handouts below. The Department will be is also meeting with the Funeral Director's Association in April to discuss these proposed changes.

BadgerCare Verification Update

The new BadgerCare health insurance and income verification process that will be implemented by early May 2004 was discussed.

Handouts:

Handout for the IT subcommittee:

1. Review of Recent Changes and Other CARES Actions
 - ◆ Transitional Food Stamps
 - ◆ Medicaid Annuities
 - ◆ 12-Month Certification Periods for Most FS Cases
 - ◆ Update to AIIP Screen for FS IPV Sanction
 - ◆ FPL Mass Change
 - ◆ April moves
 - Fix AGVC to use date logic of AGEV
 - Fix EBD MA Logic so all AG's use \$65+1/2 earnings disregard
 - Stop counting Adoption Assistance payments for MA AG's
 - Implement new employment verification process for all programs
2. CARES Worker Web Discussions
 - Security
 - Transitioning Between Mainframe & Web
 - Navigation & 'Look & Feel'
 - End User Feedback – new web site
 - Help – Policy, Process, System & Other Resources
3. On-Line Handbooks
4. Food Stamp Program Participation Grant
 - ◆ Self Assessment for FS, Family Medicaid/BC & SeniorCare (August 2004)
 - Input solicited & received
 - Demonstration sites set up
 - Evaluation design – in development
 - High-level business requirements & design
 - Detailed User Views
 - Next – Construction, Testing & Implementation
 - ◆ Self Assessment for EBD Medicaid, WIC (?), etc. (December 2004)
 - ◆ On-Line Application, Change Reporting and Query (October 2005)
 - ◆ Self-Assessment for local programs (January 2006)
5. Employer Verification Form Processing
6. Automated Case Directory and Management Reports
 - ◆ Looked over & prioritized suggestions for changes that had been sent in or had been pushed to Phase II of the ACD
 - ◆ Survey of IM Supervisors & Workers
 - ◆ Survey of Managers (e-mail list of IM Managers)

Handouts from the Public Assistance Program Integrity/Fraud Prevention Committee:

IMAC Public Assistance Program Integrity/Fraud Prevention Ad Hoc Subcommittee Administrative Structure and Funding Recommendations Overview

The current Public Assistance Fraud Program consists of three basic parts. Funding is provided to local agencies to administer the programs under separate methods of distribution.

1. Program Integrity (Front End Verification (FEV)) - FEV is an in-depth investigation of questionable information or circumstances in public assistance cases at application review or change. Program Integrity funds are allocated to local agencies through an addendum to the IM contract with the counties/tribes.
2. Benefit Recovery –Determination that an overpayment of public assistance benefits occurred and the amount of the overpayment (s). Claims are established and entered into the CARES system and the local agency and/or the state seeks benefit recovery. Benefit Recovery is funded as part of economic support program responsibilities in the IM Contract.
3. Fraud Investigation - The purpose of this process is to establish “intent” of an Intentional Program Violation, and to pursue program disqualification and/or prosecution through an Administrative Disqualification Hearing or court process. Fraud investigations are funded by a pay-for-performance system, with a separate budget determined by DHFS for each local agency, and a maximum allowable cost per investigation. Local agencies are allowed the right of first refusal to administer fraud investigations. For those agencies opting not to perform this function, services are provided by a private investigation agency (currently IRC) under contract with DHFS.

The current structure of the Public Assistance Fraud Program has been in effect for over six years. Over this time period, there has been a decline in funding for fraud program administration, reduced local agency program activity, and low priority given to identifying and recovering overissued benefits in some agencies. One of the major factors has been the fact that public assistance caseloads have risen, while local Income Maintenance administrative funding, and in some locations staffing, has been reduced. Another key factor has been the organizational and financial structure of the Fraud Program as a whole. This proposal seeks to address these issues by having dedicated/designated staff at the local level to perform the functions described above that are funded and accountable for all of the required activities. This does not involve a large-scale change in the process, but instead a realignment and unification of the three parts of the program. This proposal is a more efficient use of the resources to determine client error and intent, followed by benefit recovery if an overpayment has occurred.

Benefit recovery and reduced error rates are the basic goals of the program. These goals will be accomplished by having staff that are dedicated to the process and fully funded. Local agencies would have the option of designating full-time or part-time staff to perform these functions. Smaller or medium sized agencies with less funding may choose to form consortiums. Contracting for services with private individuals/agencies is another option. The staff must be held accountable for all of the components of the Pre-Certification and Post Certification investigative process. By investigating all suspected or potential errors we will be able to ensure that benefits are issued correctly and claims are established when an error is detected. This process will also by its very nature establish the exact cause of the error and further action can be initiated where applicable. This will result in both increased accuracy and increased recoveries while offering a reduction on the Economic Support work load, as they will no longer be responsible for a laborious referral preparation, pre-certification or benefit recovery process.

For the long-term it is recommended that GPR be requested and allocated to fund the statewide Fraud Prevention programs.

Public Assistance Program Integrity/Fraud Prevention Programs
Administrative Structure and Funding
April 2004

Issue

Some agencies have expressed concern that the administrative and funding structure of the Public Assistance Program Integrity/Fraud programs is not adequate to meet the needs of the state and local administering agencies. There are two basic issues:

1. Whether or not the organizational structure of the Program Integrity/Fraud Prevention programs (front-end verification, fraud investigations, and benefit recovery) should be changed for the purpose of effectiveness, efficiency, and to aid in the state and local agencies in workload and error reduction.
2. Whether the funding structure for the program integrity (investigation and benefit recovery) program should be changed.

Background

(Note: See Glossary of Terms at the end of this document)

1. Organizational Structure

- On January 1, 1998, revisions to the Wisconsin Statute Chapter 49 Public Assistance Fraud Plan, as defined in the DHFS Income Maintenance Manual Chapter II, Part D, was put into effect. The Fraud Plan revision provided for the separation of Program Integrity (fraud prevention and benefit recovery) from Fraud Investigative (fraud investigation) services. Funding for Program Integrity was included in the IM/W2 contract (Section XXIV of the State/County Contract, Appendix AM) which made each local agency totally responsible for all activities associated with Program Integrity (fraud prevention and benefit recovery).
- Under the changes implemented in 1998, if an agency selects to administer the fraud investigation portion of the program, the agency is reimbursed by the state on a pay-for-performance model in which payment is based on the number of hours invested into an investigation up to a maximum of \$500.00. If an agency does not select to administer the program, a State-contracted service provider is responsible for determination of intent, and the State pays a flat rate of up to \$500.00 per referral.
- As a result of the 1998 changes, the determination of intent (fraud investigation services) now comes from an investigator's review of the information that is provided to him/her following an extensive review of the case by the local agency staff. As a result, the workload associated with the review of case files, CARES, KIDS, EBT, DOT, and EDS etc. to determine what could be relevant to an investigation is the responsibility of the local agency eligibility workers and/or a designated "gatekeeper". The information obtained by the eligibility worker or gatekeeper is then forwarded on to the investigator, as part of a referral for investigation.

2. Funding

- Program Integrity and Fraud Investigation contracts are funded with state and federal funds.

- State funds for Food Stamps and Medicaid are derived from program revenue from the collection/recovery of overpayments.
- TANF and Child Care Block Grant funds are used to fund the administrative costs for W-2 and Child Care costs.
- Federal funds are available at a 50% match rate to the state funds for the Food Stamp and Medicaid programs.
- Local agencies receive 15% of recovered Food Stamps and Medicaid “client caused” overpayments (none for Child Care and W2), but the agencies are not required to reinvest the money into Program Integrity or Fraud Investigation activities.

Rationale for Change

- To assure proper administration of public assistance programs, it is the State and local agencies’ responsibility to administer Program Integrity activities in order to effectively and efficiently prevent incorrect benefit issuance.
- The DHFS Fraud Plan mandates that the ES staff investigate (review) cases to obtain evidence for any errors when the review of potential errors and their causes are the main components of an investigation.
- Some local agencies have expressed concern that the current organizational structure of the Fraud Plan has put a strain on ES staff and has confused priorities, job roles, duties and responsibilities. It has been suggested that modifications to the fraud plan could help to increase referrals and detection of errors and reduce program error rates.
- The change in Food Stamp program policy regarding reporting requirements dictates that the Program Integrity be more focused on proactive activities (prevention) vs reactive activities (establishing an overpayment). The current funding philosophy is inconsistent with the State’s ability to maintain a Program Integrity program since successful prevention leads to diminished overpayment claims and revenue generated from collections. If the Program Integrity program continues to be funded with program revenue, the program will not be able to be supported.
- The current financial structure of the local agency Fraud Plan, relying on Program Revenue, Federal Block Grants, and Federal matching funds, and distributing the funds using two different methodologies (pay-for-performance and contract allocations) is very confusing. Because intent determination (fraud Investigation) is inherent within the agencies responsibilities, under the IM/W2 contract, agencies are confused as to duties and responsibilities concerning Program Integrity/Fraud Investigation functions. Two different ways of funding based on the attempted delineation of the same process is very confusing to administration and staff.

I. THE ORGANIZATIONAL STRUCTURE

Basis of Options

As part of workload reduction and error reduction, and how the Program Integrity program can help achieve those goals, the following options are based on the premise that ESS and W2 agencies will be responsible for program integrity duties, which include error investigation, front-end verification and benefit recovery (collections).

Program Integrity Staff

The general responsibilities of an effective program integrity staff person include:

- Receiving and soliciting referrals from ES agencies.
- Conducting investigations concerning potential errors.
- Maintaining case notes specific to the findings of the investigation.
- Notifying ES agency staff of findings and required actions within appropriate timeframe.
- Responsible for the entry of overpayment claims in CARES.
- Taking necessary action as the evidence requires and the law allows.
- Completing the Fraud Investigation Tracking Screens in CARES.
- Being responsible, accountable and capable of answering questions on the success or lack of success of the program in their particular region or agency.

Options for Error Investigation Duties

1. **Designated Local Agency Staff** - Based on caseload size, every agency must identify at least one specific full-time or part-time staff person responsible only for error investigation and benefit recovery duties.
2. **Regional Consortia** - If agencies are not able to designate at least one full-time or part-time staff person, the State of Wisconsin could facilitate the development of regional consortia to provide adequate services based on caseload size.
3. **Contracts** – Local agencies may contract for error investigation and benefit recovery services, individually or in consortia.

Pros

- Local expertise in due process system, evidence gathering and ES policy and procedure
- Professional representation at hearings, court proceedings etc.
- Workload reduction
- Error reduction allowing workers to concentrate on processing eligibility
- Increased overpayment claims establishment
- Local agency retention of percentage of collection revenue
- Strong local agency involvement in the selection of staff and process
- Cooperation of local staff within agency likely to generate more referrals

Cons

- Hard to adjust to changes (policy, caseload, etc.) affecting the workload of program integrity staff
- Requires more funding to ensure that each agency or consortium receives adequate funding.
- Coordination of training is more difficult

4. **Central or Regional State Administered Staff** – Program Integrity functions become a State responsibility, performed by State or State contracted staff. The program would be administered centrally, but designated staff would be located in local agencies or regions to ensure adequate and consistent services in all geographic locations.

Pros

- Expertise in due process system, evidence gathering and ES policy and procedure
- Professional representation at hearings, court proceedings etc.
- Uniform investigative process-one way for all counties and tribes
- Flexibility to make changes in procedures and staffing easily and uniformly
- Ability to operate with a smaller amount of staff with the maximum benefit
- Able to fund with program revenue
- Workload reduction for local agencies
- Error reduction
- Increased overpayment claims establishment

Cons

- Strong State administrative investment needed to monitor program and maintain communication with local staff and administration
- Possibility of less cooperation and communication breakdown between State and local agency staff
- Possibly less referrals, less overpayment claims due to lack of regular presence in the agency

Options for Benefit Recovery/Claims Establishment Duties

Designated specialized staff will be responsible for all duties associated with claims establishment and benefit recovery.

1. **Local County/Tribal and/or W2 agencies** - retain the responsibility of calculating overpayments, entering claims in CARES, and ensuring proper notice pertaining to overpayments. Options:

- One designated staff person is responsible for both investigative duties and benefit recovery/claims establishment.
- At least one individual is responsible for the investigation duties and at least one individual is responsible for claims establishment and benefit recovery
- Benefit Recovery Specialists who can service consortiums of Counties, Tribes, and/or W-2 Agencies.

Pros

- County Involvement
- Ability to detect additional errors
- More communication between investigator and benefit recovery specialist
- More convenient for local staff to testify at hearings, etc.
- Investment sustained by retention of recoveries

Cons

- Investment in additional staff

2. **State Administered Benefit Recovery Unit** – a specialized, centralized unit to provide overpayment calculations, claims and other benefit recovery services to local agencies for all public assistance programs.

Pros

- Consistency in following policy as it relates to overpayments, calculating overpayments, and dealing with clients and ensuring proper notice.

- Allows investigators to concentrate on detecting errors and taking the appropriate actions to generate additional revenue.
- Requires less local staff – more consortiums or regions could be developed
- Software available which would calculate overpayments simply and easily
- ABACUS

Cons

- Unawareness of potential evidence leading to other errors.
- Staff time in testifying at fair hearings or court proceedings.
- Requiring the transferring of an extensive amount of info.

Recommendations

Generally, it is recommended that there be designated, specialized staff to perform investigative and benefit recovery duties. How the local agencies want to distribute these duties is at their discretion, but both investigation and benefit recovery are part of the proposed program and requires that staff be specialized and dedicated to the duties of each.

Investigations

We recommend # 1 under investigation options which indicates that the local agency and/or County have the ability to appoint the designated staff person and to maintain administrative control over the program. Since public assistance is operated at the County level, it is important that the County stay involved with the program, and are able to maintain discretion as to who is involved either by contracting or hiring or utilizing in-house staff. It is also important that the program integrity staff be accountable to local agency administration to maximize the potential effectiveness of the program. Lastly, it is also important that the Counties continue to benefit from the revenue generated by error that have been detected, corrected and recovered.

Benefit Recovery

It is recommended that it be the discretion of the Counties of how they want to handle benefit recovery/claims establishment activities - with a requirement that each agency designates a specialized staff person dedicated to benefit recovery/claims establishment duties.

II. THE FUNDING STRUCTURE

Basis of Options

As part of establishing a useful program that is efficient and effective in maintaining the integrity of our public assistance programs, our options are based on the premise that it is necessary that State GPR be invested into the program so that we are able to realize the full potential of the program.

Options for the Utilization of GPR

- **Fully fund local agency with State GPR/Federal Funds**

Pros

- Other successful States (in terms of Program Integrity) fund their program with GPR as revenue from overpayment collections (Program Revenue) is not a true picture of the success and value of such a program.
- Provides local agencies an incentive to make investigation referrals, have discretion and benefit financially from the program to offset local agency expenditures.
- GPR investment in activities designed to save State/Federal tax dollars will pay for itself and generate even more revenue for the State. The State's share of program revenue from collections is retained by the State to offset GPR expenditures.
- The State can obtain more federal funds for Program Integrity Activities.

Cons

- Requires an initial investment of GPR without seeing all of the return immediately. Error prevention activities can reflect an immediate savings, although difficult to quantify with current data, while recovery of overpayments occurs over an extended period of time.

- 2. **Fully fund State operated (centralized/regionalized) unit with State GPR/Federal Funds**

Pros

- All non-federal share of program revenue from collections will be used to offset GPR expenditures
- Reduced local agency workload

Cons

- No incentive for local agency to participate in Program Integrity activities.
- More difficult for State to promote Program Integrity with no incentive to local agencies – no funding may result in less ESS time invested in making referrals, etc.
- Loss of revenue for local agencies since all non-federal share of program revenue will be kept at the State level.

Options for Distributing Funds to Local Agencies

- 1. **Combine Program Integrity and Fraud Investigation funding and include Program funds** - based on caseload, in a separate addendum to the IM contract.

Pros

- Structure will require designated Program Integrity staff, but will give the agency discretion in how to distribute the funds

Cons

- Difficult for the State to monitor the proper use of those funds (strictly for program integrity activities)
- Leads to confusion and struggle as to time investment into program integrity duties – if program integrity staff are in-house

- 2. **Combine Program Integrity and Fraud Investigation funding and issue funds as part of the IMAA** – designated for Program Integrity/Fraud Prevention programs in local agency plans.

Pros

- Use of funds are more easily monitored
- Easier for the State to fairly determine the allocation and distribution of funds

Cons

- Local agency loss of discretion on how the funds should be used

Recommendations

1. Utilization of GPR

- Recommend that GPR fully fund local agencies with the agencies continuing to get a percentage of retention funds from the collection of overpayments. We recommend that DHFS and DWD request GPR in their budget proposals for 2005 for the efficient and effective operation of Program Integrity. This offers an incentive to the local agencies to increase Program Integrity activity, and funds their required involvement in error investigations and benefit recovery activities.

2. Distributing Funds to Local Agencies

- Recommend that program integrity funds and fraud investigation funds be combined and issued as part of the IMAA – designated for program integrity duties in local agency plans. It is important that these funds are used for their intended purpose, and designated funding makes it easier for monitoring and determination on how the funds should be distributed.
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Glossary of Terms

Error Investigation – the process used to determine if a benefit error has occurred (error resulting in a benefit over-issuance) or is about to occur (prior to incorrect benefits being issued) by further verifying information, given in an application, review application, or a report of change from a client that is suspected of being false, incomplete or inaccurate. The determination of who was involved with the case, what benefits were effected, when the error occurred, where the error occurred, and how the error took place. The process includes but is not limited to: a review of CARES including case comments, budgets, history of reported earned and unearned income; history of household composition, history of residences; a review of any cross matches for anyone that may be part of the suspected violation; a review of KIDS including historical address information of anyone that may be a part of the suspected violation, history of child support paid, case comments, and case events; a review of Department of Transportation records including drivers licenses, registered vehicles, and registered plates; a review of internet information including on-line phone books and court contact information; a review of EDS for history of Medical Assistance that has been paid; interviewing collateral contacts including landlords, employers, neighbors, and other involved individuals to determine facts; interviewing clients to determine their intent in not reporting accurate information, and reviewing the findings of the investigation to determine if there is sufficient evidence that may support the finding of an overpayment and/or proves an allegation of fraud or intentional program violation.

Benefit Recovery – calculating the benefit discrepancy to determine the severity of the error (the re-determination of eligibility using correct and actual information); the entry of overpayment claims into CARES, and the process to assure that proper notice, regarding errors, is given and complies with policy. Dealing with clients by answering questions and discussing the reasons for the overpayment.

Collections (*collection is a part of benefit recovery*) – the process used to establish repayment agreements and to collect outstanding overpayment claims from current and former public assistance recipients.

Program Integrity – All responsibilities and duties associated with Error Investigation, and Benefit Recovery. These duties involve preventing, detecting, correcting and recovering incorrect public assistance benefits, and ensure that a public assistance case is administered accurately as it relates to the laws, rules and policies of the State and Federal law.

Error Referral – Summary from ES staff which may require an error investigation.

**IMAC Public Assistance Program Integrity/Fraud Prevention Ad Hoc
Subcommittee
Recommendations – April 2004**

Purpose

- Assess the level of funding and staff resources available for fraud prevention investigations, fraud investigations, and establishing overpayment claims and collections.
- Examine ways to relieve local agency workload, reduce errors, and increase benefit recovery.

Issues

- The organizational structure, staffing, and funding of local fraud prevention and benefit recovery program activities is, in many agencies, not adequate to be effective and efficient.
- The funding methodology of three separate allocations for Program Integrity, Fraud Investigations and Benefit Recovery inhibits local flexibility to meet the overall goals.
- Funding the majority of Program Integrity/Fraud programs primarily with Program Revenue from Food Stamp and Medicaid overpayment collections is inadequate and counterproductive to prevention activities.

Background

- 1998 state policy established separate funding for “Program Integrity” and “Fraud” programs for local agencies.
 - Pre-Certification investigation (a.k.a. Program Integrity or Front-End Verification(FEV)) is funded as an allocation by an addendum to the IM Contract
 - Post-Certification investigation (a.k.a. Fraud) is funded as a budgeted amount, reimbursed under a pay-for-performance process, based on capped fee (up to \$500) per investigation per agency
 - Benefit Recovery is funded as part of general IM responsibilities in the IMAA base funding
 - Particular roles and responsibilities for either type of investigation, at local agency discretion, may be assigned to one or more agency staff or contracted with an outside agency.
 - Benefit recovery is generally a part of the IM Worker’s role.
 - Local agencies may also elect to use a State contracted investigation agency (currently IRC) for Pre or Post-Certification investigations.
 - In many agencies, Pre-Certification investigation (FEV) responsibilities are distributed across all IM staff.
 - According to fraud plans submitted annually to the State by each local agency, most agencies designate less than 1 FTE to perform Pre and Post-Certification administrative and investigative functions

Local Agency Administrative Structure and Funding

CY2003 Local Agency Fraud Plans	CY2003 Allocations/Budgets	CY2003 Expenses Reported	CY2004 Allocations/Budgets
<ul style="list-style-type: none"> • 24 – opted for State contractor (IRC) for Post-Certification investigations • 19 - contracted Pre and Post-Certification investigations • 17 - contracted for Post-Certification investigations – Pre-certification done “in-house” • 16 – all investigations done “in-house” 	<ul style="list-style-type: none"> • Pre-certification - \$1,114,000 • Post-certification - \$1,232,000 • Total - \$2,346,000 • IRC - \$275,000 budgeted (included in Post-certification) 	<ul style="list-style-type: none"> • Pre-certification - \$1,611,367 • Post-certification – \$838,926 • Total - \$2,450,293 • IRC - \$23,225 (included in Post-certification expenses) • 11 agencies claimed \$0 for Pre-Certification investigations • 36 agencies claimed \$0 for Post-Certification investigations • 17 IRC agencies claimed \$0 expenses 	<ul style="list-style-type: none"> • Pre-Certification- \$1,064,660 • Post-Certification- \$1,275,500 • \$2,340,160

Sources of Funding

- Prior to 1998, nearly \$10 million was appropriated for Fraud Prevention Program administration.
 - State and Local Fraud Programs were funded by State GPR, Program Revenue from public assistance collections, Local Revenue, and Federal matching funds
 - Since 1998, funding levels have decreased to approximately \$2.3 million. The requirement of local agency mandatory financial participation was eliminated and all GPR fraud funding was reallocated to the W-2 Administrative Appropriation by the legislature. Programs are now funded by:
- DHFS - Food Stamp and Medicaid Program Revenue with 50% Federal matching funds
- DWD - TANF and Child Care Block Grant funds- for W-2 and Child Care costs
- Local Revenue with partial matching funds – for agencies exceeding their contract allocations
 - Local agencies receive 15% retention of Food Stamp and Medicaid collections, which can be used at local discretion for funding public assistance, or other programs.
 - Based on the current ratio of overpayment claims established for each of the public assistance programs, approximately 85% of the claims are for Food Stamp and Medicaid cases. The remaining 15% are Child Care and W-2 claims. By this ratio, DHFS funds 85% of the Fraud program costs and DWD funds 15%.

Note: 4/21/04 Correction: The last sentence should be removed. A new dot point should be added as follows:

- **Fraud program costs for local agency contracts are funded using Random Moment Time Study data to determine the amount of program revenue and federal matching funds for Food Stamps and Medicaid activities. DWD reimburses DHFS for Child Care and TANF program costs based on RMS data as well.**
- For CY 2003, due to insufficient Program Revenue funds, DHFS used unbudgeted GPR to meet shortfalls in the Food Stamp and Medicaid Fraud Prevention programs.

Other States

- In response to a survey of 7 states:
 - In these 7 states, 100% of the funding for their Fraud Prevention programs is from State GPR and Federal Match.
 - Program Revenue from benefit recovery is returned to the States' budgets and is not used to fund administrative costs.
 - Each state has designated administrative and investigative staff to perform the functions of the Fraud Prevention programs.
 - Ratio of savings/costs range from approximately \$4 - \$7 saved for every \$1 spent. The methodology used to arrive at this data was not provided in the survey responses.

Recommendations for CY2005

1. Program Priorities, based on available resources:
 - a. Benefit Recovery – emphasis on increased claims/collections to provide Program Revenue to administer programs
 - b. Pre-certification investigations – reduce errors and IM staff workload
 - c. Post-certification investigations – validate overpayments and reduce intentional program violations
2. Combine Program Integrity, Fraud Investigation, and Benefit Recovery administrative funding into a single IM Contract Addendum – eliminating the current separate funding and reimbursement methods
 - a. Provides local flexibility to use the total allocation to design and budget their program according to their needs
 - b. Broadens the scope of fraud programs to include benefit recovery as a specialized function.
 - c. Require complete and accurate data reporting and increased monitoring to measure program activity and cost effectiveness, and to better ensure that funding is used specifically for the designated functions
3. Through the joint efforts of the State and WCHSA, promote the following models, which may include reallocating available administrative funds and staff to maximize resources and achieve program goals:
 - a. Require that the annual Fraud Plans identify specific Fraud Prevention and Benefit Recovery structure and staffing dedicated to perform the functions associated with funding allocations.
 - b. Designate specialized part-time or full-time agency staff or contracted agency/staff to perform Pre and Post-Certification investigations
 - c. Designate specialized part-time or full-time agency or contracted agency/staff to calculate overpayments, establish claims and take actions to recover overissued benefits
 - d. Some agencies may choose to combine the functions in a. and b.
 - e. Promote consortia as an option to maximize available funding, particularly small agencies combining resources with other small agencies or a larger agency – with designated agency or contracted staff serving multiple agencies
4. The Ad Hoc Subcommittee should continue to work on the following:
 - a. Development and implementation of a monitoring plan to adequately measure and document outcomes.
 - b. Development of a single reimbursement method for reporting and claiming expenses (pay-for-performance vs claims for actual expenditures)
 - c. Evaluate potential simplification of program cost and activity data reporting via CARS and CARES
 - d. Evaluate costs of systems enhancements to assist staff in identifying errors, calculate and recover overpayments – through CARES and/or other available software programs in the marketplace

- e. Review and recommend revisions to program policies and manuals to meet the needs of the programs
- f. Assess training needs for specialized staff and methods for providing training, using state and local staff (WAPAF) resources for technical assistance, sharing best practices, etc.

Recommendations for CY2006

1. Request GPR funding in the 2005-2007 Biennial Budget to replace Program Revenue funding to adequately fund and staff State and Local Agency Fraud Prevention program administration
2. Revise Priorities:
 - a. Pre-certification investigations – to reduce errors and IM staff workload
 - b. Post-certification investigations – to reduce intention program violations
 - c. Benefit Recovery – to offset GPR expenditures
3. If program not fully funded by GPR, continue 15% local agency incentive
4. Expand monitoring and evaluation processes to document program effectiveness

4/13/04

Handout for Burial Issue Paper

Wisconsin Funeral and Cemetery Aids Program Proposal DRAFT—4/15/04

Background

The cemetery, funeral, and burial expenses of recipients of Wisconsin Works (W-2), Medical Assistance (categorically needy), or Supplemental Security Income (SSI) not covered by their estates or other funding sources are covered within limits by a biennial, sum certain GPR appropriation. Effective with the 2003-05 biennium, that appropriation is administered by the Department of Health and Family Services. Funding for this program is allotted at \$4.5 million annually. Calendar year 2004 expenditures are expected to exceed this allocation.

The following factors must be considered in addressing the anticipated funding shortfall:

There is a lack of uniformity in the way the program is administered statewide. Families and service providers experience different policies and procedures depending on the county with which they are dealing. It is very likely that these differences extend to reimbursement practices as well.

Program requirements are not well understood and state guidelines and instructions are inadequate. Questions persist among local program administrators about fundamental requirements pertaining to:

- who is eligible
- who can bill
- who can be paid
- allowable services
- billing timeframes
- verification of the estate
- verification of other funding sources
- reimbursement limits

Proposal

Implement a single, mandatory claim form for statewide use (draft attached).

Accept estate and other funding source information on a self-declared basis. Follow-up only if information is "questionable." Providers and executor (or family representative, if no executor) must certify that estate is insufficient to cover expenses.

Provide counties with a list of allowable medical status codes and update as necessary.

Reimburse providers of service only, not family members, or others.

Rewrite policy and procedure manual.

Offer training to counties, funeral directors, cemetery boards, other interested parties.

Conduct periodic state-level auditing of random claim sample to evaluate:

- County application of policy and procedure
- Actual available resources at time of death relative to those reported on claim

Wisconsin Funeral and Cemetery Aids Program
Reimbursement Request

Return to: County Name, DHS
Mailing Address
City, State, Zip

1. Decedent Information

Name _____ **Date of Birth** _____
/ ____ /
Address _____ **Date of Death** _____

2. Total Expenses for Services Provided (attach "Statement of Funeral Goods and

Funeral Expenses are subject to a \$1500 reimbursement limit under s. 49.785 (1) (b) Wis. Stats. Indicate total funeral expenses in the spaces provided.

\$ _____ **Basic Funeral Services** (Indicate total expenses for funeral planning, securing necessary permits and copies of death certificates, preparing notices, sheltering remains, coordinating arrangements with the cemetery, crematory, or other third parties.)

\$ _____ **Additional Funeral Services and Merchandise** (Indicate total expenses for transporting, or receiving the remains, embalming and other preparation of the body, use of the funeral home for the viewing, ceremony or memorial service, use of equipment and staff for a graveside service, use of a hearse or limousine, casket, outer burial container or alternate container.)

\$ _____ **Cash Advances** (Indicate total expenses incurred by the funeral home for goods and services purchased from outside vendors including flowers, obituary notices, pallbearers, clergy honoraria, musicians or vocalists, nurses, public transportation, and gratuities. Do not list cash advances for cemetery services here. All cemetery expenses must be listed below.)

\$ _____ **Other Funeral Expenses** (Indicate total expenses for funeral

Cemetery Expenses are subject to a \$1000 reimbursement limit under s. 49.785 (1) (a) Wis. Stats. Indicate total cemetery expenses in the spaces provided.

\$ _____ **Monument, Marker, Nameplate**

\$ _____ **Cemetery Lot, Mausoleum Space, Vase or Urn**

\$ _____ **Opening/Closing of Grave or Mausoleum Space**

\$ _____ **Services associated with supplying or delivering these goods** (specify)

3. Reimbursement Request (total expenses minus amounts paid by estate and

Reimbursement under s. 49.785 Wis. Stats. is available only when the estate of the decedent is insufficient to pay for his/her funeral, burial and cemetery expenses.

In signing below, the Provider certifies that: 1) the expenses indicated here represent all funeral and cemetery expenses for the decedent of which the Provider is aware and 2) funds to which the Provider is entitled as the beneficiary of a burial agreement under s. 445.125 Wis. Stats. are included in the "Paid by Estate/Other" amounts.

In signing below, the Executor, or Family Representative, certifies that the "Paid by Estate/Other" amounts indicated here represent the total funds available from the estate and other funding sources to cover funeral, burial and cemetery expenses of the

Total Funeral Expense \$

Paid by Estate/Other \$

Reimbursement Request \$

Total Cemetery Expense \$

Paid by Estate/Other \$

Reimbursement Request \$

4. Signatures (Provider of services and Executor, or Family Representative, must

Provider of Services

Date

Provider Address

Executor (or, if no executor, Family Representative; indicate relationship to deceased) Date

Executor/Family Representative Address

5. Office Use Only

Date Received ____ / ____ / ____ **Worker:**

Medicaid recipient on date of death? Y/N **If yes, allowable medical status code**

W2? Y/N

SSI-E? Y/N

Authorized reimbursement: Funeral \$ _____ **Cemetery** \$

If not authorized, reason:

Reimbursement authorized by:
(Signature)

Reimbursement authorized on: